

*Meeting Minutes
Loxahatchee Groves
Finance Advisory & Audit Committee
Wednesday, January 13, 2010, 6:00 pm
Location: Palms West Hospital*

Members Present:

Lung Chiu (*Chairman*)
Jim Rockett (*Vice-Chair*)
Nancy Handweg (*Committee Member*)
Marge Herzog (*Committee Member*)
Bridget Subramanya (*Committee Member*)

Members Absent:

None

Others Attending:

Councilman Ryan Liang (*Town Councilman - FAAC Liaison*)
Frank Spence, Town Manager
Terry Morton, Auditor Manager with Nowlen, Holt & Miner
Members of the Public – Vice Mayor Dennis Lipp, Councilman Ron Jarriel, LGWCD Board Member John Ryan, Elise Ryan, Philomena Liang, Doreen Baxter, Mr. Subramanya

1. Opening

Town Manager Frank Spence called the meeting to order at 6:05 p.m.

2. Roll Call

Roll call was taken and all members were present. New member Bridget Subramanya was introduced.

3. Approval of Agenda

MOTION: Marge Herzog made a motion to accept the agenda; Nancy Handweg seconded the motion. Motion passed by voice vote 5-0.

4. Approval of meeting minutes: 10/13/09; 11/12/09 and re-approval of 10/28/09.

Vice Chair Jim Rockett pointed out a discrepancy in the voting history in both the 10/13/2009 minutes and in the 11/12/2009. Mr. Rockett also pointed out that in a prior meeting the Committee had agreed to submit questions and comments to Town Manager, Frank Spence and that should be included in the minutes.

MOTION: Nancy Handweg made a motion to accept the minutes as amended; Jim Rockett seconded the motion. Motion passed 5-0.

(Assistant Clerk, Cindy Corum arrived at 6:15pm)

(Councilman Ron Jarriel arrived at 6:20pm)

5. Meeting with Auditor, Terry Morton of Nowlen, Holt & Miner

Chairman Lung Chiu asked everyone in the room to introduce themselves for Mr. Morton's benefit. Mr. Morton then explained he would be the main auditor for the Town of Loxahatchee Groves. He stated he would meet with former Town Management, New Community Strategies (NCS) first to review their records, and then meet with current Manager, Frank Spence to review subsequent records. He stated he thought he would have the first draft ready by the end of February. Mr. Morton recommended showing the gas tax revenues on the balance sheet as a reserved fund balance, so people realize that money is restricted for transportation related expenses. Mr. Morton felt a reserved fund balance was simpler than setting up a special revenue fund. Chairman Chiu asked Mr. Morton if he could come to the next few FAAC meetings and give a monthly update.

6. Review of September 2009 Financials

Elsie Ryan pointed out a few discrepancies in the September financials generated by NCS. Jim Rockett asked a question about a pre-paid payment, and reiterated the need for a comprehensive list of all the Town's contracts and payment terms. Mr. Rockett pointed out other discrepancies in the September financials and said he did not have a comfort level with the September financials yet. John Ryan said he felt NCS should make the necessary corrections as soon as possible so there is a clean cut-off of their responsibility for the financials through Sept 30th, so that new management was not burdened with making adjustments for the previous fiscal year. He mentioned that there are some carry over items that don't tie in with new management's numbers and need to be coordinated with NCS.

(Finance Director Holly Hugdahl entered the meeting at 6:45 pm)

Holly Hugdahl explained some of the glitches in the September financials. She said she was making what adjustments were necessary going forward so she could change her opening balances once we have a good clean number from the auditors. She stated that previous management used accrual accounting, whereas she preferred to use the cash-based system of accounting as it gives a truer picture of where the Town stands financially.

MOTION: A motion was made by Marge Herzog to recommend approval of the September 2009 financials. Discussion followed.

Vice Chair Jim Rockett suggested amending the motion to: Recommending *conditional* approval of the September 2009 financials to Town Council, with the understanding that the requested corrections will be made by NCS. Marge Herzog amended her motion and Jim Rockett seconded. Motion passed 5-0.

7. Review of October 2009 Financials

There was a discussion of the interest the Town was getting on the various bank accounts and how it was booked. Holly clarified how it showed up on the balance sheet and reiterated she was using the cash versus accrual system and that interest was shown as net after service charges. Conversation centered on the format of the financials presented by new management and Ms. Hugdahl explained her methods to everyone's satisfaction. There was a discussion of the gas tax revenue and how it should be shown in the budget, as well an explanation of how the monies transferred to the LGWCD are accounted for. Jim Rockett asked for monthly detailed ledgers. Mr. Spence recommended quarterly detailed ledgers. Marge Herzog asked for an identifier for the five "other contractual" accounts for easier reading. After some discussion, it was decided a simple key code on the bottom of the Revenue & Expenses page would solve the problem.

MOTION: Jim Rockett made a motion to approve the October 2009 financials; seconded by Marge Herzog. Motion passed 5-0.

8. Check Writing Policy

Jim Rockett brought up the fact that the Town had a check writing policy (Resolution 2007-01) calling for two signatures on bank checks issued by the Town; yet this policy had never been followed. It was agreed upon that this policy should be followed in future starting immediately. Preferably, checks would be signed by the Mayor and any other Council Person who was available. Checks could also be signed by any two Council Persons should the Mayor be unavailable.

9. Punch List

Different aspects of the Punch List were discussed. Councilman Ryan Liang said he would like to see the list divided into two sections; items pending and items completed. Elise Ryan suggested adding a completion date for the record. Chair Lung Chiu recommended leaving proper names out of the Punch List. Holly Hugdahl recommended adding a user password to the main office pc (Assistant Clerk's). Lung Chiu asked for a bit more detail, i.e.; what steps were taken, by whom and what the end result was. Particular items on the Punch List were then discussed and various recommendations were made.

10. Donna Brosemer Overpayment

MOTION: Jim Rockett made a motion to recommend to Council that a promissory note accompanied by a letter from our Town Lawyer be sent to former Town lobbyist, Donna Brosemer, requesting repayment of the \$2000 she was overpaid in error for the month of August 2009. Lung Chiu seconded the motion. Motion passed 5-0.

11. New Business

Banking interest rates were discussed and it was agreed that this issue, along with the Town's investment policy, would be looked into and brought back at the next meeting. Lung Chiu asked that the Town's policy on Special Magistrate Hearing "Administrative Fees" be added to the next agenda.

12. Setting of New Meeting Date and Time

Jim Rockett made a recommendation that in future the FAAC consider scheduling meetings for the Wednesdays prior to the Town Council's second meeting. After some discussion it was decided to set February's meeting date for Wednesday, the 10th at 6:30pm.

13. Committee and Public Comments

Vice chair Jim Rockett thanked former Committee member, Cindy Corum for her work on behalf of the FAAC Committee. Councilman Ron Jarriel also thanked Cindy and complimented Holly Hugdahl for her cooperation in working with the Committee. Mr. Jarriel said the Committee was an asset to the residents of the Town. John Ryan said he appreciated everyone's involvement, Committee members and residents alike. Councilman Ryan Liang said the Committee makes the Council Members' job much easier and made him feel a lot more comfortable approving all things financially related.

MOTION: Motion to adjourn was made by Marge Herzog; seconded by Nancy Handweg.
Meeting adjourned at 9:35

ATTEST:


Cindy Lou Corum, Asst. Clerk


Lung Chiu, Chairman, FAAC

2-16-2010
Date: